

# TENNESSEE REGULATORY AUTHORITY



Sara Kyle, Chairman  
Deborah Taylor Tate, Director  
Pat Miller, Director  
Ron Jones, Director

460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

September 25, 2002

Mr. Robert Shackelford  
Shiloh Falls Utilities, Inc.  
P. O. Box 301  
Counce, TN 38326

RE: Docket # 02-00289 – Compliance Audit of Shiloh Falls Utilities, Inc.

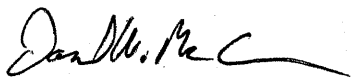
Dear Mr. Shackelford:

In order to complete the compliance audit further information will be needed. Please answer the following questions. The responses should be received in this office no later than October 9, 2002.

1. The Company indicates on some customer bills that a maximum bill is \$37.10 and others listed a \$5 "O/M" fee. The approved tariff on file does not indicate either a maximum bill amount or a "O/M" fee is authorized to be levied. Did the company get prior approval for these rate variances? How long has the Company been charging the "O/M" fee and how was it arrived at?
2. The company listed in its general ledgers for 2001 a transfer of \$35,000.00 note to a related company. Why was this done and what was the note originally for?
3. The company recorded in its ledgers \$9,325.00 in customer deposits at the end of 2001. The company is not approved to collect deposits. How many people has the company collected deposits from? Also, provide a list of these people and the amount each paid.
4. Company records indicate that the utility contracts with various contractors on the behalf the homeowner to install wastewater treatment equipment (i. e. piping, pumps, etc.) that is on the homeowners' property before service starts. In the approved tariff no mention is made about Shiloh performing this service for homeowners. Are the homeowners informed that they have the option to have these items installed by whomever they wish?
5. Has any homeowner wishing to have their own contractor install the necessary equipment to attach to the company's system been denied that request? If so, why?

Thank you for your assistance in this matter. If you should have any questions regarding this letter you may contact Butch Phillips at (800) 342-8359, ext. 183.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan McCormac", with a stylized flourish at the end.

Dan McCormac  
Chief

Energy and Water Division  
cep02-45shilohfalls